

G. SPENT NUCLEAR FUEL PROJECT

1. Comments/Questions Concerning the Need For Cost Savings On the Spent Nuclear Fuel Project

- DOE and its contractors must make every effort to reduce the projects costs to avoid any additional escalation of costs and schedule on this project. Therefore, the HAB urges that any cost savings for the Spent Nuclear Fuel project baseline for FY 2001 be identified in consultation with the EPA and independent cost reviewers. This should result in reallocation of funds saved to other unfunded compliance activities in FY 2001. The contractor should be incentivized to find savings to reduce the project costs below the promised \$1.4 billion. (The long-term baseline needs to reflect the \$180 million dismantling costs no matter what contractor does the work.) (Hanford Advisory Board, Consensus Advise #94)
- Cost and schedule improvements: In January 1999 the Tri-Parties signed M-34 milestones based on the budget baseline reflected in the IPL budget request. The Tri-Parties reached milestone agreement under a commitment by DOE for continuous improvement in reducing cost, and examination of sub-project task completion dates to improve positive schedule float. Contrary to that commitment, project cost and schedules have not improved. More sub-project tasks are falling behind the baseline schedule. The failure to promptly close issues consumes budget and delays the current schedule. EPA and Ecology expect DOE to fulfill its commitment to improve cost and schedule over the current baseline. (EPA & Ecology)
- The DOEs contractors promised Congress that they would reduce the Spent Nuclear Fuel Project (i. e. K basins) costs by \$186 million, and they haven't made one effort to put the cost savings into these budgets. If you don't start seeing the cost saving in 2001, by requiring it in the contractors' contract and reflected in the budget, we'll never get the cost saving. So we propose to cut \$30 million out of that baseline. (Gerald Pollet, Heart of America, Portland, Seattle, Spokane Public Meetings)
- Yes, the K Basins and the are Hanford's top priorities. But that does not mean they are as lean as they could be. They can be squeezed some to make more funds available for other safety and legal needs. (Madeleine Brown, Richland, WA)

DOE-RL Response:

The Spent Nuclear Fuel Project has recently completed a defensible and integrated project baseline, referred to as the High Probability Baseline (HPB). Within this baseline, a reasonable amount of contingency has been established for resolving unforeseen circumstances. Last year, Professional Analysis, Inc (PAI) conducted an independent critical analysis of Spent Nuclear Fuel's high probability baseline. PAI validated the Project's HPB cost estimate. PAI stated, "...the total project cost will not exceed the HPB, less contingency, by more than 10 percent."

DOE agrees that Spent Nuclear Fuel should strive for cost and schedule baseline improvements over the Project's remaining eight years. Our performance-based contract is being employed to promote attainment of better-than-planned "stretch" cost and schedule results. Given the fact that Spent Nuclear Fuels' revised \$1.586 billion total project baseline was just approved by DOE on Dec. 15, 1998, it is too early to expect the declaration of significant cost savings. Currently, we intend to reallocate any near-term unused budget contingency for work schedule acceleration.

However, as we approach the November 2000-2001 time frame for start of fuel removal, a lessening of uncertainty should permit some remaining budget contingency to be diverted to other Hanford priorities. Once those funds have been identified, mechanisms are in place to transfer funds to other Hanford project execution needs.

2. Comments/Questions Concerning the Need to Meet Or Exceed Schedule for Cleanout of K-Basins

- This program is another high priority Hanford cleanup project. During the last several years the program has experienced significant schedule delays and resultant cost increases. Currently DOE-RL and its contractors have established high confidence schedules and cost estimates for the completion of this program. The HAB expects the K Basin project team to successfully complete this project on schedule and within budget. (Hanford Advisory Board, Consensus Advise #94)
- Adequate funding: The FY 2001 budget request in the IPL matches the SNF budget baseline. This budget request is appropriate recognition of the importance of this project, the magnitude of work to do, and the adverse impacts that would result from insufficient funding. (EPA & Ecology)
- We want the Spent Fuel at the K-Basins moved away from the river and safely stored. Get on with it. (Paige Knight, Hanford Watch, Portland Public Meeting)
- Significant improvements have been made in the K-Basin project during the last year. In the previous year, management, budget and scheduling problems received an embarrassing amount of national scrutiny. In order to maintain credibility for the Hanford cleanup, this project must stay on schedule and within budget. (Hanford Communities)

DOE-RL Response:

DOE agrees that the Spent Nuclear Fuel Project is high priority and should strive for cost and schedule improvements over the Project's remaining eight years. Significant advancement has been made in management structure and processes,

resulting in tighter controls over cost and schedule. DOE will continue to manage closely.

3. Other Comments/Questions Concerning the Spent Nuclear Fuel Project

- The major portions of the construction phase of this project will be completed in FY 2000 and initial staffing and training for the operational phase of the program undertaken. In FY 2001 the primary focus of the project will be on the successful removal and processing of the spent fuel for interim storage. The HAB's view of this program is that DOE-RL and its contractors must demonstrate a very high degree of management attention to the Operation and Maintenance (O&M) program to insure that the cost and schedule projections are achieved. This must include stringent and penetrating reviews of contractor staffing and performance. (Hanford Advisory Board, Consensus Advise #94)

DOE-RL Response:

Yes, we agree that serious attention must be paid to K Basin operations before the start of K East Basin fuel removal in FY 2001. The Department conducts annual independent Final Evaluation Board (FEB) reviews at K Basins to promote safe and efficient operations. A K Basin Facility Safety Analysis Report (FSAR) will also be scrutinized very closely in FY 1999. In addition, fuel removal equipment tests and employee training are planned. As a standard DOE procedure, an extensive Operational Readiness Review (ORR) will take place prior to commencement of actual fuel movement at the K West (November 2000) basin. During all these procedural evaluations, safety will be our number one concern. In summary, DOE and its contractors will strive to place a high degree of management attention on the O&M program. DOE agrees that cost and schedule baselines should be achieved over the Project's remaining eight years.